

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814

October 10, 1984

To: All County Welfare Directors

Letter No. 84-44

CORRECTIVE ACTION (CA) PROCESS

This letter is to request your assistance in reviewing the Medi-Cal Corrective Action Handbook (draft attached). This corrective action process is intended to help focus attention on error-prone areas while providing the flexibility to develop corrective actions suited to your county's individual needs and resources. We would appreciate your comments by October 19, 1984.

The structure of this handbook is reflective of Federal Medi-Cal program guidelines for corrective action and for this reason is not identical to the AFDC or Food Stamp corrective action handbooks.

The Legislature has requested a copy of this handbook by November 1, 1984. Therefore, in order to fully evaluate and incorporate your comments into the final revision we must have them by October 19, 1984. We recognize that this is a short time frame and apologize for any inconvenience this may cause.

If you or your staff have any comments or questions about this request or the handbook, please contact Marlene Ratner of my staff at (916) 322-3462 or ATSS 492-3462.

Sincerely,

Original signed by

Doris Z. Soderberg, Chief
Medi-Cal Eligibility Branch

Attachment

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

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Attachment

CORRECTIVE ACTION PROCESS

The goal of the corrective action process is to improve the performance of counties in administering the Medi-Cal program by focusing corrective action activities on individual county objectives based on each county's specific needs and resources.

I. Which Counties Must Submit

The Department of Health Services (DHS) will send an All County Welfare Directors Letter by January 1 of each year specifying which counties are required to submit County Corrective Action Plans (CAPS) for that year.

All counties, however, are urged to develop CAPS since CAPS enable counties to determine where to best focus their limited corrective action resources.

II. When to Submit

CAPS must be submitted by March 1 of each year to the DHS. If significant changes or deviations from the plan occur, revisions to the plan are to be submitted within 60 days. Such changes include:

- 1) Situations where implementation of a corrective action is to be delayed,
- 2) A recently implemented corrective action is to be discontinued because it is not producing the desired results,
- 3) A new error element or error cause is identified through analysis of quality control error letters, special studies or county supervisory reviews as having the potential for a significant adverse impact on the state's or county's case or dollar error rate.

III. Where to Submit

Plans should be submitted to the Corrective Action Unit, Department of Health Services, 714 P Street, Room 1692, Sacramento, California, 95814.

IV. Format of Corrective Action Plan

The corrective action plan submitted by a county must be signed by the County Welfare Director or his/her designated representative and shall include the following four components of the corrective action process.

- A. Error Analysis.--This component consists of a review of quality control (QC) findings from both the Federal and State only QC reviews which result in an understated share of cost or in which

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one or more case members is ineligible for Medi-Cal benefits. It is also important to include any information derived from special studies conducted by the county. The purpose of error analysis is to identify the error elements making the greatest contribution to the county's error rate. This is an essential step in selecting where best to focus county corrective action efforts.

The 1984-85 Budget Act provides that all counties are to be included in the State QC review process. The Act also specifies that case error rates are to be developed for each county. Findings from both the federal and state QC reviews are published by the Audits and Investigations Division in the DHS.

Error analysis is to be based on QC data published in the prior calendar year. It should provide a description of the major case errors (or payment errors if available) and the specific causes to which these error concentrations are attributed. This description must address all error elements having a case error rate of 10 percent or more. However, it is important to include and consider whatever additional information your county may have such as special studies, to accurately describe error trends. This is especially true in smaller counties where QC data may be inconclusive. Additionally, if your county does extensive supervisory reviews, you should compare the supervisory review findings with the QC findings on major error elements. If the findings are similar, it is more likely that the findings in both are valid and that the corrective action efforts are properly focused. Also, as part of a complete analysis, you should compare your own county's ranking of error elements with statewide findings. If your county's statistics differ from the statewide results, you should explore the reasons for these differences. Finally, be certain to compare this review period to previous error findings for your county. Are there trends? Are new problems emerging? This phase of the process is the most critical since the proper identification of error causes is the basis for the development of effective corrective actions.

The end product of the error analysis phase is a concise description of the specific cause(s) of the major error concentrations identified in Quality Control reviews, county evaluation reviews, reports, internal county case reviews, and/or special studies. In summary, as discussed above, the analysis should include the following:

Summary Checklist

1. Calculations

This is a calculation of the case error rate for each element of error by using the following formula:

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Number of Errors of the Same Type
Total Number of Cases Found in Error

Example: $\frac{15 \text{ Cases with Deprivation Errors}}{\text{Total of 50 Cases Found in Error}} = 30\%$ Case error rate
for deprivation cases

2. Error Descriptions

This is a description of what caused each error. Descriptions should be specific enough to show exactly why an error was made and where it is occurring, in order to ensure the planned corrective action is appropriate for that error concentration.

The following illustrates the type of information which should be included in the description.

- a. Is the specific error primarily county or client caused?
- b. Does the county error occur mainly at application or redetermination?
- c. Is the error primarily found in a certain district office, if eligibility worker caused, or geographic location, if recipient caused?
- d. In what aid code does the error most often occur?
- e. Is the county handbook policy interpretation incorrect?
- f. Is the county error the result of misapplied policy, a failure to verify, a failure to follow-up on reported information, inadequate training, or insufficient use of systems data (SDX, RSDI/UI DI reports) in the verification process?
- g. Is the error MEDS related?

3. Special Studies

Special studies are recommended if additional data analyses are required to fully understand the nature and cause of the error situation. Some examples of situations where special studies may be necessary are:

- a. To pinpoint error causes when a county has a small QC sample which does not provide sufficient data;
- b. To test a particular corrective action prior to implementation; and;

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- c. To evaluate the consistency of application of Medi-Cal policies among several district offices.

Identify and discuss any special studies or other reports that were used to obtain additional information to identify errors and related causes.

- B. Corrective Action Planning.-- This component includes identifying and developing corrective actions to eliminate or significantly reduce causes of error. Those major error elements that reflect a case error rate in excess of 10 percent should be addressed. For each major error element, provide a description of the alternatives considered, the corrective action initiatives to be implemented, the evaluation procedures, the expected results and, if known, the estimated cost and/or savings associated with that action. You may include "State" initiated corrective actions, such as county training provided by the DHS, if appropriate.

For each corrective action, include the following:

1. A summary description of the corrective action to include such items as processes, policies, cost benefits, constraints, and anticipated implementation problems;
 2. An estimated cost for implementation and ongoing costs;
 3. The potential cost savings associated with effective implementation of the corrective action if known;
 4. A concise description of planned evaluation methodology expressed in measurable terms whenever possible. For example, assume the selected corrective action is a rewrite of the county instruction on factors which must exist for a parent to be eligible for Medi-Cal due to unemployment. An evaluation technique to determine if the corrective action is effective may be to compare written findings derived from case review data recorded during the pre and post implementation periods for significant changes. Besides a comparison of pre/post evaluation results, data gathered should be specifically analyzed to determine if other factors impacted the corrective action. If other factors are present, they should be described and their impact assessed.
- C. Corrective Action Implementation. -- This portion of the CAP must include an implementation schedule for each corrective action showing dates by which major tasks are to be completed and who is responsible for the task. A reasonable time schedule (actual implementation within 6 months of the start date except for certain long-range projects) must be included for each action. If the

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initiative is a long-range activity that requires more than 6 months for final implementation, include interim target dates along with an explanation of why the activity requires extended time; e.g., Computerization of system is needed: Due to the complexity of the project the programming and testing phases will take 12 months.

The implementation schedule should briefly include the following:

1. A description of major tasks required to implement each action;
2. The person or unit responsible for the task;
3. Milestones and established interim target dates (include start dates and final implementation dates);
4. Identification of critical areas and any special assistance required.

- D. Corrective Action Evaluation.--The purpose of the Evaluation phase is to determine and document the effectiveness of previously implemented corrective actions. Indicate how the corrective action has impacted the error rate. If the plan was unsuccessful, indicate the possible reasons for its failure.

Include a description of each corrective action taken and when the action was finally implemented compared to the planned implementation schedule. The evaluation process should focus on the reduction of the specified error(s); i.e., has the corrective action achieved the desired result? If not, why? What will the county do instead to alleviate the error situation? This phase determines how the actual results compare with the anticipated results. For example:

1. Were implementation target dates met?
2. Have expected results been realized? (Are errors in the pinpointed area decreasing?)
3. Were cost/resource estimates realistic?
4. Were additional problem areas encountered? If so, what were they? How will they be addressed?
5. What, if any, unanticipated effects occurred (e.g., increased errors in other program areas)?

The county shall define the methods and procedures used for evaluation purposes and prepare an evaluation summary which includes the sources of information and the methods for obtaining it. If the expected results were not realized, a decision must be made whether to continue or modify the corrective action. As described in

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Section II, if the corrective action is to be significantly modified, the plan should be revised and resubmitted within 60 days of identification of the change. The corrective action update also can be utilized to report the results of special studies and to modify corrective actions based upon the results of new data.

After implementation of a corrective action initiative, it is important to monitor application of the corrective action and its effect on program improvement and error reduction.

V. State Assistance

If the county requires any assistance in preparing its CAP, it should contact the Corrective Action Unit, Medi-Cal Eligibility Branch in DHS at (916) 445-1912, (ATSS) 485-1912.

The DHS will review each county's CAP and updates and will provide feedback within 60 days of receipt. DHS may, if necessary, request additional clarifying information.

VI. Example

A sample corrective action plan is attached.

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Attachment

This is an example of a County Corrective Action Plan. Assume it was submitted by the Sample County Department of Social Services in March 1985.

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EXAMPLE

Sample County Department of Social Services

MEDI-CAL CORRECTIVE ACTION PLAN - MARCH 1, 1985

I. INTRODUCTION

The State Department of Health Services (DHS) Letter 083-xxxx, dated November, 1984, requests counties to submit information about their Medi-Cal corrective action plans.

Sample County has long recognized the importance of reducing errors in the Medi-Cal Program. Medi-Cal is the most costly of all public assistance programs administered in California. At a time where fiscal constraints require all levels of government to operate more efficiently, error reduction efforts in Medi-Cal provide the greatest cost saving potential.

The purpose of this plan is to formalize Sample County's corrective action efforts, document past efforts, and to provide the basis for future planning.

This report presents the findings from:

- o The DHS Quality Control (QC) review of Medi-Cal case records for the October 1983-March 1984 and April 1984-September 1984 periods,
- o The county review of county eligibility determination systems, and
- o The county review of procedures in the Sample County Department of Social Services for the period October, 1983 through September, 1984.

The evaluations were performed by the DHS Audits and Investigations Division under authority of Welfare and Institutions Code, Section 14016 and by the county administrative units which are responsible for reducing the amount of dollars misspent due to incorrect eligibility determinations. Detailed data can be found in Tables 1-7 of Attachment I.

Please note that this plan only addresses county caused errors.

II. ERROR ANALYSIS

A. Summary

Of the total 282 completed Medi-Cal Assistance Only (MAO) case reviews, 65 cases were found in error. Within these 65 cases, 78 incidents of errors were found. Of these 65 cases, 34 errors were state or beneficiary caused and 31 were county caused. This plan will address only these 31 error cases which were county caused. Of these 31 error cases, there were 31 total errors; there were no multiple case errors. Of the 31 cases cited with errors, 14 cases (45.1 percent) were found to be totally ineligible. A total of 15 cases (48.4 percent) were cited with understated liability errors and two cases (6.5 percent) were found to have overstated liability errors.

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B. Description of MAO Errors which were ten percent (rounded) or more of the total case errors found in the sample. See Table III.

1. Gross Income Errors (13 percent of all errors found in the sample)

A total of four county caused error cases were linked to this element. The following defines the nature of these errors:

	<u>No. of Error Cases</u>
Wrong Policy Applied	1
Failure to follow-up on impending changes	1
Failure to follow-up on inconsistent/incomplete information	1
Arithmetic Computation	1

Errors which occurred in this element resulted in no ineligible, three understated liability errors and one overstated liability error.

2. Deprivation/Unemployment (9.7 percent of all errors found in the sample)

A total of three county caused error cases were linked to this element. The following defines the nature of these errors:

	<u>No. of Error Cases</u>
Correct policy but incorrectly applied	1
Wrong policy applied	1
Failure to follow-up on impending changes	1

Errors which occurred in this element resulted in three ineligible cases.

3. Earned Income (9.7 percent of all case errors found in the sample)

A total of three county caused error cases were linked to this element. The following defines the nature of the agency errors:

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No. of Error Cases

Reported information disregarded/
not applied 3

Errors which occurred in this element resulted in three understated share of cost cases.

4. RSDI Benefits (9.7 percent of all errors found in the sample)

A total of three error cases were linked to this element, all of which were agency caused. The following defines the nature of agency errors:

No. Of Error Cases

Reported information disregarded/not applied 1

Failure to follow-up on impending changes 1

Failure to follow-up on inconsistent/
incomplete information 1

Errors caused by this element resulted in three understated share of cost cases.

5. Maintenance Need (9.7 percent of all errors found in the sample)

A total of three errors cases were linked to this element, all of which were agency caused. The following defines the nature of the agency caused errors:

No. Of Error Cases

Wrong policy applied 1

Reported information disregarded/not applied 1

Failure to verify where required by agency policy 1

Errors which occurred in this element resulted in three understated share of cost errors.

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III. CORRECTIVE ACTION PLANNING

A. INTRODUCTION SUMMARY

Sample County is committed to the identification of error cases and the reduction of errors in the Medi-Cal eligibility determination process through corrective action. In this plan, corrective action initiatives are identified for all error elements having case error rates at or over 10 percent, including corrective action initiatives already in progress or those which have been implemented but have not yet been evaluated. Detailed data on which the analysis is based can be found in Tables 1-7 of Attachment I.

The following elements will be targeted for corrective action:

1. Gross Income
2. Deprivation
3. Earned Income
4. RSDI
5. Maintenance Need

B. Targeted Corrective Action Initiatives to be Implemented for County

Caused Errors

1. Gross Income Errors

a. Error Causes/Analysis

- o Incorrect math computations.
- o Wrong policy applied. The Eligibility Worker (EW) failed to include all retirement income because she thought certain retirement benefits were exempt.
- o Failure by EWs to follow-up on impending changes timely. The beneficiary reported that he expected an increase in retirement benefits in a future month, but the EW did not take action to increase his income.
- o Failure by EWs to follow-up on inconsistent/incomplete information.

The case error rate was 13 percent for the October 1983 - September 1984 review period. Numerically case errors in this category nearly doubled in this review period over prior periods.

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b. Proposed Corrective Actions

- o It was determined through a countywide review that math errors are occurring more frequently than found through the DHS QC reviews. It appears that the manual calculation of budgets by EWs is contributing to inefficient use of time and inaccuracies in budget calculations. Therefore, it is planned that the department will purchase hand calculators for each EW in an attempt to save time and improve the accuracy of the budget calculation process.
- o In one case where the EW failed to include all retirement income, the supervisor provided training on the correct policy to this EW as well as to all other EWs in the unit.
- o Failure to follow-up on impending gross income changes will be addressed through the creation of a specialized caseload unit for those cases which are identified by the staff as having a high frequency of changes in household circumstances. It is expected that the focus on these cases will emphasize the Department's commitment to reduce errors caused by EW failure to follow-up on impending changes.
- o Failure to follow-up on incomplete and inconsistent gross income information will be further addressed and given increased emphasis by the supervisors during their unit meetings. In addition, the number of cases reviewed by supervisors will be increased, with findings published by element and EW name. These findings will be routed to management for use as a planning tool for developing corrective action and identifying individual EW training requirements.

c. Expected Results

Case errors in this factor should be reduced by 50 percent in future review periods by the above actions.

d. Personnel and Resource Requirements

Hand calculators will be purchased within the existing county administrative expense allocation and funds will be requested for continuing maintenance and replacement as a part of next year's funding request. Existing personnel resources within the Department will be redirected to establish the new specialized caseload unit which will deal with cases with a high frequency of household changes. Supervisorial personnel will absorb the increased supervisory review workload by delegating several of their record keeping tasks to the unit clerk(s) under their supervision.

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e. Evaluation Methodology

Some reduction in these case errors should begin immediately as a result of the increased county emphasis on follow-up of inconsistent information. Within 3 to 6 months after implementing this corrective action, a sample of affected cases will be drawn to determine the effectiveness of this initiative. Supervisory case review data will be collected both before and after the corrective actions are implemented to enable us to evaluate the effectiveness of these initiatives. Additionally, we plan to use QC review data for comparison as it becomes available.

2. Deprivation Due to Unemployment

a. Error Causes/Analysis

- o Failure to correctly identify the primary wage earner because the information on the MC-210 was ignored.
- o Failure by the EW to take action timely to discontinue Medi-Cal eligibility for the adults when the unemployed parent returns to full-time employment. This was caused by the EW's failure to correctly use the new EW checklist developed to promote timely action.
- o Failure to correctly establish a connection to the labor force. The EW accepted an incomplete MC-210 and granted eligibility when the questions regarding work history were not completed.

The case error rate was 9.7 percent for the October 1983 - September 1984 review period. Numerically, case errors nearly doubled in the October 1983 - September 1984 review period over prior periods according to data published by DHS.

b. Proposed Corrective Actions

- o One action has been identified which should reduce errors in this factor. The Statement of Facts for Medi-Cal, MC 210, which is used to determine eligibility, currently does not contain any question which specifically identified the primary wage earner or a connection to the labor force. The MC 210 will be revised by the DHS to include questions in these specific areas. Advance copies of this revision will be provided to us.

After such time as the forms are printed and the change is implemented, which will take six months, in July 1986, we will monitor AFDC linked cases to ensure that Medi-Cal workers are using the revised MC 210 correctly.

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- o Workers will be reminded in the next several unit meetings to use the newly developed EW checklist. Staff Development will also explain and stress its use to all newly hired staff during induction training.
- o The training staff will provide district offices with a Deprivation Training Package in June 1985. The impact of this package will not be felt until the July 1985 review month. Before another major initiative is proposed, an evaluation of the effect of this training package is required.

Through review of cases in targeted categories such as Deprivation, county staff will continue to monitor eligibility determination actions in the 6 districts. Information concerning identified training needs will be provided to appropriate staff.

c. Expected Results

Two of the three cases in error were caused by application of the wrong policy or incorrect application of the correct policy. Therefore, deprivation training should reduce case errors in this factor in future review periods.

d. Personnel and Resource Requirements

Training will be provided by the training staff of each District Office as a part of their ongoing staff development efforts. No additional resources will be required.

Existing resources within the Eligibility Branch of the DHS will be utilized to revise the format of the MC 210. No additional staff or funding will be required. Monitoring of its impact once it's completed and released will be accomplished by the supervisors during their regular monthly supervisory reviews, as well as through state QC case reviews and reports.

e. Evaluation Methodology

After July 1985, the number of errors in this factor should be reduced. No discernable impact on QC errors can be expected prior to July 1985 since the deprivation training will be in June. We plan to use the data/statistics from ongoing supervisory case reviews to determine the impact until such time as QC data is also available. Please note that the revised MC-210 will not be available until January 1986 and that the evaluation of its impact will be available July 30, 1986.

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3. Earned Income Errors

a. Error Causes/Analysis

- o Eligibility worker failure to act on beneficiary reported changes in earnings or employment status accounted for all errors in this factor.
- o Historically, errors in the earned income factor have accounted for nearly 25 percent of case errors. However, during the October - September 1984 review period, the case error rate decreased to 9.7 percent. This was most likely caused by decreased income due to high unemployment.

b. Proposed Corrective Action

- o Currently, county staff in one district is evaluating whether errors are reduced when the clerical unit logs in all written changes before they are sent to each worker. A control sheet then is produced for each unit eligibility supervisor so he/she can track whether timely follow-up actions are being taken by workers.

c. Expected Results

- o Increased emphasis on timely actions and development of proper controls should assist in error rate reduction/accountability. If this occurs, the system will be implemented countywide.

d. Personnel/Resource Requirements

- o Existing staff and resources within the Administrative Branch have developed the required procedures and are responsible for monitoring the district actions. This new function can be performed within existing clerical staff resources.

e. Evaluation Methodology

- o This action will be deemed effective if: 1) failure to take action on EW caused errors on Earned Income decrease and 2) supervisors report a decrease in errors based on their evaluation of pre/post case reviews.

4. RSDI Errors

a. Error Causes/Analysis

Errors are concentrated in two areas:

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- o Title II (RSDI) Cost of Living Adjustments (COLA) (2 cases)
- o Medicare Buy-In (1 case)

The Central District eligibility workers were responsible for both Title II errors. These were due to:

- o Failure to follow upon reported information about the RSDI COLA (1 case)
- o Failure to follow-up on impending RSDI COLA (1 case)

The case error rate for RSDI errors was 9.7 percent for the October 1983 - September 1984 review period.

The Buy-in error was due to failure to follow-up on inconsistent information. (1 case)

b. Proposed Corrective Action

Administration routinely has provided districts with information on Title II COLAs and districts have used this information to adjust shares of cost. However, the Central District has not made it a standard practice to flag all cases where Title II income is present, so some are overlooked.

- o Central District will be instructed to flag cases of those beneficiaries who receive Title II income but who are not entitled to Title II Disregard status. Once DHS has verified the amount and timing of the Title II COLA, Central District, as well as the other Districts, will be instructed to adjust the share of cost for all such beneficiaries.
- o Buy-in errors will not be targeted for corrective action until the newly developed State DHS Buy-In Master Activity Report and County Response Report are fully evaluated in all districts in Sample County.

c. Expected Results

If the Central District office follows the Administration Branch's recommendations, case errors in the RSDI factor should be reduced beginning with the July 1985 review period.

d. Personnel/Resource Requirements

Existing resources within the Administrative Branch will be utilized to monitor Central District's efforts to flag their cases. No additional staff or funding will be required. The person responsible for this activity is the Chief of the Administrative Branch.

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e. Evaluation Criteria

Beginning in November 1985, understated share of cost case errors caused by RSDI COLAs should be reduced. This will be tracked by monitoring the QC county error letters sent out by DHS and by conducting a special pre/post supervisory review of the cases in the Central District Office.

5. Maintenance Need Errors

a. Error Causes/Analysis

These errors occurred only in one unit. Some caseloads were not covered for a few weeks as a result of a 75 percent turnover in EW staff. The causes were:

- o Wrong policy applied. Although maintenance need levels were increased by state law, the maintenance need in the case was not increased timely since the case was uncovered.
- o Reported information was disregarded. The beneficiary reported that one of her children left the home, but the maintenance need was not reduced because the case was uncovered.
- o Failure to verify where required. The EW increased the maintenance need as soon as the beneficiary reported she was pregnant, even though no verification of pregnancy was obtained.

b. Proposed Corrective Action

Now that the unit is fully staffed, these errors should not recur. Administrative staff have been informed of the impact of the staffing shortage on the error rate and are developing procedures to be used in the event that staffing shortages occur in the future. It is expected that staff will be shifted from other units and a new "floater" unit will be established. It is anticipated that the "floaters" can be utilized in trouble areas pinpointed by the corrective action committee and/or management.

c. Expected Result

Case errors and dollar errors should be reduced in the future by maintaining adequate staffing levels in all units by the addition of personnel from the "floater" unit.

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d. Personnel and Resource Requirements

A new "floater" unit will be organized. Existing EW staff will be used but their job duties will include flexibility of location.

e. Evaluation Methodology

QC data and supervisory review findings will not be available until May 1985. However, supervisory case review data will be reviewed and interviews will be conducted by the corrective action committee staff before that time. It is expected that both the "floaters" and supervisory staff will be interviewed to determine the impact of the new "floater" unit on the error rate. It is expected that the new unit will allow caseloads to be covered which will prevent errors and insure timely action.

Additional Corrective Action Initiatives to be Implemented for County Caused Errors

The following initiatives are based on past trends or special case reviews/short term studies by the County QC/Quality Assurance Unit.

1. Share of Cost Computation Module

The Southern District Office submitted a proposal in February 1984 to develop an automated Medi-Cal Share of Cost Computation module.

a. Purpose

Implementation of this initiative will serve to reduce errors in computation of:

- o Net income for each new and continuing case.
- o Changes in share of cost caused by increases or decreases in maintenance need levels.
- o Increased RSDI income due to Medicare Buy-In.

b. Description

The automated Medi-Cal Share of Cost Computation will compute or determine the following:

- o Total Unearned Income
- o Unearned Income Deductions

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- o Total Earned Income
- o Earned Income Deductions
- o Total Countable Income
- o Other Allocations/Deductions
- o Net Income
- o Maintenance Need
- o LTC Special Allowance
- o Share of Cost Amount and Type
- o Beneficiary Aid Code

It will then produce an appropriate automated notice of action.

c. Expected Result

Program development cannot begin until state approval of the project is received. Once approval is received, county staff project that it will take at least ten months before the module is operational. Beginning at that time, errors will be reduced in the factors of RSDI Income, Computation of Net Income, Allocations and Deductions and Beneficiary Liability Determinations.

In addition, income changes and changes in share of cost required because of an increased/decreased maintenance need level or increases in Title II income will be accomplished timely.

d. Personnel/Resource Requirements

Staff from the County Administration Branch, Computer Services Division will be responsible for development of the Medi-Cal Share of Cost Computation Module.

Cost for program development is projected to be \$26,000 for state fiscal year 1985/86. However, projected savings far outweigh costs. Therefore costs will be absorbed in the regular county allocation.

e. Evaluation Methodology

QC data and supervisory pre/post case review findings will be used to determine the effectiveness of the corrective action. The evaluation will begin the month after the action takes place.

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2. Automated Termination of Medi-Cal Benefits for Age 21 MI Persons

The Western District Office submitted a proposal to develop automatic edits for MI persons turning age 21.

a. Purpose

- o Eliminate age change errors for MI persons who become 21.

b. Description

The county developed a modification to its computer system which on a monthly basis:

- o Identifies MI persons who will become 21 in the following month.
- o Automatically terminates Medi-Cal benefits at the end of the month in which the MI person turns 21.

This modification was completed in February 1985.

c. Expected Results

Age errors caused by county failure to terminate Medi-Cal benefits for MI persons over 21 will be eliminated.

d. Personnel/Resource Requirements

Staff from the County Administrative Branch, Computer Services Division were responsible for development and programming.

Development and programming costs were absorbed in the regular county allocation.

e. Evaluation Methodology

The project was completed in February 1985 and the evaluation of pre/post case reviews by the supervisors is ongoing. Results are expected by June 1985.

3. Real Property Ownership Match

The North District Office submitted a proposal to develop information systems on Real Property Ownership.

a. Purpose

- o Identify and reduce errors caused by the beneficiary's failure to report ownership of real property.

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b. Description

- o The County Recorder's Office identified county real property owners by name in alphabetical order on its property records. The county purchased microfiche copies of these records and distributed them to each district office in February 1985.

Eligibility workers compare the names of Medi-Cal applicants/beneficiaries to names on the record to determine whether a person owns or has recently transferred real property.

c. Expected Results

There should be a reduction in client error resulting in fewer ineligible persons approved for Medi-Cal benefits.

d. Personnel/Resource Requirements

The activities will be absorbed in the regular ongoing workload.

e. Evaluation Methodology

Evaluation of the property match is taking place. Preliminary observations by the workers indicate the process is working. Pre/post supervisory case review data is expected to be available this June.

4. Central District's Corrective Action Plan

Central District, which historically had the highest error rate, has provided the Administration with a detailed corrective action plan for 1985/86.

a. Purpose

- o Identify error trends so that more staff resources can be devoted to areas with high error impact.

b. Description

Data obtained from county based Medi-Cal supervisory case reviews will be entered into a microcomputer. The microcomputer will:

- o Compile and process error analysis reports.
- o Produce error analysis reports.

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These reports will be utilized for planning, implementation and evaluation of corrective actions.

c. Expected Results

Corrective action planning and evaluation will be enhanced. Analysis of error trends will permit a more effective allocation of resources by targeting those areas which will yield the greatest benefit.

d. Personnel/Resource Requirements

No additional staff is required for this initiative. The total cost for purchasing a microcomputer system will be \$13,000. Since this system will support other department functions, the cost attributed to this initiative is \$500.

IV. CORRECTIVE ACTION IMPLEMENTATION

Implementation Schedules

The following pages provide an implementation plan for each proposed corrective action.

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Administration Branch
February 15, 1985

SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

Deprivation/Unemployment
(Major Error Concentration)

Identified Cause(s): District failure to correctly identify primary wage earner.

Corrective Action Selected: Revised Form

Task	Program Responsibility	Target Completion Date
SUMMARY: Suggest Revision of the Statement of Facts for Medi-Cal, MC 210, to specifically identify primary wage earner and EW training on Deprivation.		
1. Request revision of MC 210 from DHS.	Administrative Policy Unit.	July 15, 1985
Obtain approval to print county revision.	Administration Branch	July 30, 1985
Forms management review and processing.	Program Support Branch, Administrative and Business Services Section	August 15, 1985
Review and sign-off of reformatted form.	Administration Branch, Operations Unit	September 15, 1985
Production approval together with cost estimate & approval.	Program Support Branch, Administrative and Business Services Section	October 1, 1985
Reproduction	Office of County Printing	October-December 1985
Stock form in warehouse.	Program Support Branch, County Warehouse	December 1985
Evaluate Impact	Corrective Action Committee	July 30, 1986
2. Give Deprivation Training	District Office Training Staff	June 1985
Evaluate training through review of supervisory case reviews and publish report.	Supervisory staff	July/August 1985

SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

Eliminate age change errors for MI persons who become 21
(Major Error Concentration)

Identified Cause(s): Manual controls and not always followed

Corrective Action Selected: Special Study

Task	Program Responsibility	Target Completion Date
1. Develop computer modification which automatically terminates Medi-Cal benefits at the end of the birth month in the twenty-first year.	Administration Branch (EDP)	February 1, 1985 Completed.
2. Evaluate impact.	Corrective Action Committee	June 1, 1985 In progress

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Administration Branch
February 15, 1985

SAMPLE COUNTY CORRECTIVE ACTION INITIATIVE
IMPLEMENTATION SCHEDULE

Gross Income
(Major Error Concentration)

Identified Cause(s): District failure to target gross income error trends.
Corrective Action Selected: Error Identification and Analysis

Task	Program Responsibility	Target Completion Date
<u>SUMMARY:</u> Analyze gross error trends to permit allocating sources to identified target areas yielding greatest cost/benefit.		
1. Purchase hand calculators	Administration Branch	March 15, 1985
2. Develop, implement, evaluate plan for reducing errors by EW failure to take action	Administration Branch, Line Staff, Corrective Action Committee	Ongoing
A. Development 1) Specialized Caseload Project		
2) Supervisor Emphasis and Training		
B. Implementation 1) Specialized Caseload Project	Line Staff	April 1, 1985
2) Supervisor Emphasis and Training		March 22, 1985
C. Evaluation Pre/Post 1) Math Computations	Administration Branch	July 30, 1985 Pre/Post
2) Supervisor Emphasis and Training		
3) Specialized Caseload Project		

Administration Branch
February 15, 1985

SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

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Earned Income
(Major Error Concentration)

Identified Cause(s): Failure to take action or to take timely action.

Corrective Action Selected: District Instruction

Task	Program Responsibility	Target Completion Date
SUMMARY: Inform districts of major causes of QC errors. Provide instructions and suggested corrective actions.		
1. Analyze QC errors for the October 1984 - March 1985 review period.	County Quality Control and Evaluation Unit	Completed February 1985
2. Review analyses and evaluate QC data from a historic perspective. Develop if required: 1) Monthly Income Reports/ Posters 2) Procedures Clearance System	Administration Branch, Corrective Action Committee	Completed April 1985
3. Draft and send procedures letter.	Administration Branch, County Corrective Action Committee	Send Procedures Letter No. 85-44 "Quality Control Errors and Suggested District Actions" by June 8, 1985
4. Monitor District actions.	Administration Branch, County Corrective Action Committee	July 1985 and ongoing

Administration Branch
February 15, 1984

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SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

Real Property

(Major Error Concentration)

Identified Cause(s): Beneficiary failure to report ownership of other real property

Corrective Action Selected: Special Study (Ownership match)

Task	Program Responsibility	Target Completion Date
1. County purchased microfiche copies of property records and distributed them to District Offices.	Administration Branch	February 1, 1985 Done.
2. Evaluation	Corrective Action Committee	June 1, 1985 In progress.

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SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

District with a High Error Rate in all Areas
(Major Error Concentration)

Identified Cause(s): Unknown because no statistics on error trends or Supervisor reviews are kept

Corrective Action Selected: Special Study: Error Identification and Analysis

Task	Program Responsibility	Target Completion Date
1. Purchase microcomputer.	Administration Branch	March 1985
2. Enter data from supervisory reviews.	Administration Branch	April 1985
3. Compile and process error analysis reports.	Administration Branch	May 1985
4. Produce error analysis reports.	Administration Branch	May 1985
5. Analyze reports.	Corrective Action Committee	May 1985
6. Targets areas for error reduction.	Corrective Action Committee	June 1985

SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

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RSDI Income
(Major Error Concentration)

Identified Cause(s): Agency failure to adjust share of cost for Title II COLAs.

Corrective Action Selected: County Instruction

Task	Program Responsibility	Target Completion Date
<u>SUMMARY:</u> Instruct districts to flag all cases in which RSDI income is present, and the beneficiary is not entitled to the Title II Disregard.		
Draft and send procedures letter.	Administration Branch	County Procedures Letter No. 85-45 to be sent June 8, 1985
Monitor district compliance.	Administration Branch	July 1985 and ongoing
Obtain verification of effective date and percentage increase of Title II COLA.	DHS	November 1985
Notify districts of effective date and percentage increase of Title II COLA.	Administration Branch, County Corrective Action Committee	July 1985
Begin special supervisory case reviews of Central District Office cases.	Administration Branch, County Corrective Action Committee	November 1985 and ongoing

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SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

Maintenance Need
(Major Error Concentration)

Identified Cause(s): Failure to act accurately or timely.

Corrective Action Selected: South District staffing module

Task	Program Responsibility	Target Completion Date
PRIMARY; South District will develop a staffing module which will include procedures to cover any uncovered caseloads as they occur.	South District Administrative Unit	April 1, 1985
Validation	Line Staff, Administrative staff	May 1, 1985

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SAMPLE COUNTY INITIATIVE
IMPLEMENTATION SCHEDULE

Share of Cost Computations
(Major Error Concentration)

Identified Cause(s): Computation errors caused by incorrect manual calculations

Corrective Action Selected: Special Studies -- Module Development -- Long Range Plan

Task	Program Responsibility	Target Completion Date
1. Develop an automated Medi-Cal Share of Cost Computation Module	Administration Branch	January 1, 1985
2. Coordinate Development	Administration Branch	March 1, 1985
3. Request DHS approval and funding	Administration Branch	April 1, 1985
4. Subject to approval; implement	Electronic Data Processing, District Offices	May 1, 1985
5. Monitor Ongoing progress	Corrective Action Committee	Ongoing
6. Evaluate Modules effectiveness	Administration Branch, Line Staff	March 1, 1986 -- June 1, 1986

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VI. EVALUATION

Last year we implemented two corrective action initiatives: (1) Training on Alien Verification Procedures and (2) Revised Intake Procedures. The evaluation of these initiatives is reported on the following chart.

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CORRECTIVE ACTION EVALUATION CHART

First Initiative

Second Initiative

Corrective Action & Reason Initiated	Training on Alien Verification Procedures. Last year a 15 percent case error rate was cited by QC during both 6 month review periods.	Revised Intake procedures. Error cause determination studies have shown that applications processed over 60 days from date of application contributed to a 75 percent error rate in Living Arrangement errors due to untimely action by the county. The overall case error rate for this factor was 18 percent based on last year's QC findings.
Planned Implementation Date	10/83	10/83
Actual Implementation Date	10/83	10/83
Errors Reduced?	Yes. Previous review periods cited 15 percent error rates. 10/83-9/84 case error rate = 3.2 percent.	Yes. Previous year's error rate was more. Error rate this year was less than 2 percent.
Cost/Resource Estimate Realistic?	Yes. Budgeted expendi- tures were unspent.	Yes.
Were Additional Problems Encountered?	No.	Yes. The Department had to reorganize its reporting system because several units had no responsibilities to report to anyone within the Department.

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First Initiative

Second Initiative

Did Unanticipated Effects Occur?	Yes. Citizenship questions during training identified the need for revision of current procedures/training in that area. As a result of increasing the scope of the training; citizenship errors decreased.	No.
Procedures/ Methods of Evaluation Use	Supervisory review of 60 cases per district (random sample) before and after training began.	Report prepared for review by Management to determine the status of Intake application on an ongoing basis. Based on their findings, action can be initiated as necessary.
Present Status	Completed Corrective Action Error rate decreasing	All intakes are being processed in less than 45 days.
Recommended Status	Share our training packages with other counties that have identified a need to address these errors.	Ongoing monitoring of application processing status through the use of a Management Information System developed for Management.

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TABLE I
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

ERROR RATES

	CASES REVIEWED	NUMBER IN ERROR
Federal QC Cases	41	4
County Evaluation Review	241	27
	---	--
	282	31
	===	==

SUMMARY OF ERRORS

	CASE ERRORS	PERCENT	DOLLARS PAID IN ERROR	PERCENT
Overstated Share of Cost	2	.7%	N/A	N/A
Understated Share of Cost	15	5.3	296.00	.5
Ineligible	14	5.0	4,191.00	6.8
	--	----	-----	---
Total	31	11.0%	\$4,487.00	7.3%
	==	=====	=====	===

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TABLE II
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

CASE ERROR SUMMARY

	NUMBER OF ERRORS	PERCENT OF TOTAL ERRORS
I. TOTAL ERRORS FOR ALL CASES.....	31	100.0% -----
INELIGIBLES.....	14	45.1
UNDERSTATED SHARE OF COST.....	15	48.4
OVERSTATED SHARE OF COST.....	2	6.5
II. TOTAL MN CASE ERRORS.....	28	90.3% -----
INELIGIBLES.....	13	42.0
UNDERSTATED SHARE OF COST.....	14	45.1
OVERSTATED SHARE OF COST.....	1	3.2
III. TOTAL MI-C CASE ERRORS.....	3	9.7% -----
INELIGIBLES.....	1	3.2
UNDERSTATED SHARE OF COST.....	1	3.2
OVERSTATED SHARE OF COST.....	1	3.2

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TABLE III

SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

CASE ERROR INFORMATION BY ELEMENT

ELEMENT	*****	DISTRIBUTION OF ERRORS					TOTAL ERRORS	%OF ERRORS
		INELIG- IBLES	UNDER- STATED	OVER- STATED				
120	CITIZENSHIP/ALIENAGE.....	1	...	0	...	0	1	3.2%
140	LIVING ARRANGEMENT.....	1	...	0	...	0	1	3.2
153	DEPRIVATION/ABSENCE.....	1	...	0	...	0	1	3.2
154	DEPRIVATION/UNEMPLOYMENT.....	3	...	0	...	0	3	9.7
160	BLINDNESS/DISABILITY.....	1	...	0	...	0	1	3.2
210	REAL PROPERTY.....	2	...	0	...	0	2	6.5
220	LIQUID ASSETS.....	2	...	0	...	0	2	6.5
230	LIFE INSURANCE.....	1	...	0	...	0	1	3.2
250	PERSONAL PROPERTY.....	1	...	0	...	0	1	3.2
310	EARNED INCOME.....	0	...	3	...	0	3	9.7
320	RSDI BENEFITS.....	0	...	3	...	0	3	9.7
330	BENEFITS/OTHER GOV'T. PROGRAMS	0	...	1	...	0	1	3.2
410	GROSS INCOME.....	0	...	3	...	1	4	13.0
420	ALLOCATIONS/DEDUCTIONS.....	0	...	2	...	0	2	6.5
430	ARITHMETIC COMPUTATIONS.....	0	...	0	...	1	1	3.2
440	MAINTENANCE NEED.....	0	...	3	...	0	3	9.7
540	OTHER STATE MEDICAID CRITERIA	1	...	0	...	0	1	3.2
TOTAL		14	15	2			31	100.1%*

*Total does not equal 100.0 percent due to rounding.

***** Elements are coded by utilizing the Quality Control error codes.

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TABLE IV
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

CASE ERROR INFORMATION BY CAUSE/CODE DESCRIPTIONS

ELEMENT	CAUSE* CODE	TOTAL ERRORS
120-CITIZEN/ALIENAGE.....	30	1
140-LIVING ARRANGEMENT.....	20	1
153-DEPRIVATION/ABSENCE.....	30	1
154-DEPRIVATION/UNEMPLOYMENT.....	10	1
154-DEPRIVATION/UNEMPLOYMENT.....	20	1
154-DEPRIVATION/UNEMPLOYMENT.....	40	1
160-BLINDNESS/DISABILITY.....	30	1
210-REAL PROPERTY.....	20	1
210-REAL PROPERTY.....	40	1
220-LIQUID ASSETS.....	30	1
220-LIQUID ASSETS.....	60	1
230-LIFE INSURANCE.....	30	1
250-PERSONAL PROPERTY.....	30	1
310-EARNED INCOME.....	30	3
320-RSDI BENEFITS.....	30	1
320-RSDI BENEFITS.....	40	1
320-RSDI BENEFITS.....	50	1
330-BENEFITS/OTHER GOVT. PROGRAMS.....	50	1
410-GROSS INCOME.....	20	1
410-GROSS INCOME.....	40	1
410-GROSS INCOME.....	50	1
410-GROSS INCOME.....	70	1
420-ALLOCATIONS/DEDUCTIONS.....	20	2
430-ARITHMETIC/COMPUTATIONS.....	70	1
440-MAINTENANCE NEED.....	20	1
440-MAINTENANCE NEED.....	30	1
440-MAINTENANCE NEED.....	60	1
540-OTHER STATE MEDICAID CRITERIA.....	30	1
TOTAL		-- 31 ==

*CAUSAL FACTOR CODES

- 10 Correct policy but incorrectly applied
- 20 Wrong policy applied
- 30 Reported information disregarded/not applied
- 40 Failure to follow-up on impending changes
- 50 Failure to follow-up on inconsistent/incomplete information
- 60 Failure to verify where required by agency policy
- 70 Arithmetic computation

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TABLE V
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

CASE ERROR INFORMATION BY AID CODE

AID CODE	DISTRIBUTION OF ERRORS						TOTAL ERRORS	% OF TOTAL
	INELIG- IBLES	UNDER- STATED	OVER- STATED					
13 AGED LTC.....	1	...	2	...	0	...	3	9.7%
14 AGED-MN (O-SOC).....	1	...	1	...	0	...	2	6.5
17 AGED-MN (SOC).....	0	...	1	...	0	...	1	3.2
34 AFDC-MN (O-SOC).....	6	...	7	...	0	...	13	41.9
35 AFDC-V (O-SOC).....	1	...	0	...	0	...	1	3.2
37 AFDC-MN (SOC).....	0	...	1	...	1	...	2	6.5
63 DISABLED LTC.....	1	...	0	...	0	...	1	3.2
64 DISABLED-MN (O-SOC).....	3	...	2	...	0	...	5	16.1
82 MEDICALLY INDIGENT UNDER 21, (O-SOC).....	1	...	1	...	0	...	2	6.5
83 MEDICALLY INDIGENT UNDER 21, (SOC).....	0	...	0	...	1	...	1	3.2
TOTAL	14	15	2				31	100.0%
	==	==	==				==	=====

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TABLE VI
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984
CASE ERROR INFORMATION
BY AID CODE AND CAUSAL CODE

AID CODE	CAUSAL FACTOR CODES							TOTAL ERRORS	% OF TOTAL
	10	20	30	40	50	60	70		
13 AGED LTC.....	0	0	2	1	0	0	0	3	9.7%
14 AGED-MN (O-SOC).....	0	0	1	1	0	0	0	2	6.5
17 AGED-MN (SOC).....	0	0	0	0	1	0	0	1	3.2
34 AFDC-MN (O-SOC).....	0	4	6	1	0	1	1	13	41.9
35 AFDC-V (O-SOC).....	1	0	0	0	0	0	0	1	3.2
37 AFDC-MN (SOC).....	0	1	0	0	0	0	1	2	6.5
63 DISABLED LTC.....	0	0	1	0	0	0	0	1	3.2
64 DISABLED-MN (O-SOC).....	0	1	3	0	0	1	0	5	15.1
82 MEDICALLY INDIGENT UNDER 21, (O-SOC).....	0	1	0	0	1	0	0	2	6.5
83 MEDICALLY INDIGENT UNDER 21, (SOC).....	0	0	0	1	0	0	0	1	3.2
TOTAL	1	7	13	4	2	2	2	31	100.0%

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TABLE VII
SAMPLE COUNTY
OCTOBER 1983 - SEPTEMBER 1984

SAMPLE CHARACTERISTICS

AID CODE	NO. OF CASES REVIEWED	% OF CASES	NO. OF ERRORS	% OF ERRORS
04 AID FOR ADOPTION OF CHILDREN PROGRAM.....	1	.4%	0	0.0%
13 AGED LTC.....	41	14.5	3	9.7
14 AGED-MN (O-SOC).....	34	12.1	2	6.5
16 AGED-20% SS.....	1	.4	0	0.0
17 AGED-MN (SOC).....	6	2.1	1	3.2
30 AFDC-FG (O-SOC).....	1	.4	0	0.0
34 AFDC-MN (O-SOC).....	111	39.4	13	41.9
35 AFDC-V (O-SOC).....	1	.4	1	3.2
37 AFDC-MN (O-SOC).....	5	1.8	2	6.5
63 DISABLED LTC.....	8	2.8	1	3.2
64 DISABLED-MN (O-SOC).....	24	8.5	5	16.1
67 DISABLED-MN (SOC).....	5	1.8	0	0.0
82 MEDICALLY INDIGENT UNDER 21, (O-SOC).....	42	14.9	2	6.5
83 MEDICALLY INDIGENT UNDER 21, (SOC).....	2	.7	1	3.2
TOTAL	292	100.2%*	31	100.0%
	===	=====	==	=====

*Total does not equal 100.0 percent due to rounding.